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SUBJECT: RUSSIA-UKRAINE: HIGH-LEVEL BARBS, LOW-LEVEL
COOPERATION

REF: MOSCOW 755

Classified By: A/Pol M/C Margaret Hawthorne for reasons 1.4(b) and (d)

¶1. (C) Summary: Russia has continued its high-level criticism of the EU-Ukraine gas pipeline modernization agreement, as evidenced in Prime Minister Putin's April 6 Duma address and FM Lavrov's Rossiskaya Gazeta interview from the same day. However, businesslike discussions of bilateral issues continue at lower levels. In the April 3 inter-MFA talks, DFMs Karasin and Kostenko discussed the upcoming April 10 CIS Foreign Minister meeting in Ashgabat, the status of the Black Sea Fleet (BSF), Azov-Kerch Strait deliberations, a schedule for further political contacts, including for the next exchange of information about each country's activities with NATO, and cultural issues. The Ukrainian embassy noted the inflammatory GOR statements were addressed to the public, while talks at the working level remained productive and non-contentious. End Summary.

High-level criticism

¶2. (SBU) In the wake of the EU-Ukraine pipeline modernization agreement (reftel), Russian criticism of Ukraine's policies continues at the highest levels. Alluding to the March 23 joint EU-Ukraine declaration on the modernization of Ukraine's gas infrastructure, Prime Minister Putin in his April 6 address to the Duma stressed that excluding Russia from decisions affecting Russia's "legitimate interests," especially in the area of energy, would be "counterproductive."

¶3. (SBU) In an interview with Rossiskaya Gazeta published April 6, Foreign Minister Lavrov used the EU-Ukraine gas agreement to argue that Ukraine concluded agreements with Russia only to "retroactively review" them later on. Lavrov contended that the EU-Ukraine agreement contradicted the Russia-Ukraine agreements signed earlier in the year on Russian natural gas deliveries to Ukraine and transit to Europe through Ukraine. Lavrov also criticized Ukraine's non-ratification of the "zero option" on handling former Soviet Union debts, and cited the ongoing Azov-Kerch Strait border delimitation talks, accusing Ukraine of ignoring existing agreements on how to resolve the issue. However, Lavrov also repeated the GOR's long-standing position that Russia sought friendly and mutually beneficial relations between the two "fraternal" nations.

Cooperation at lower levels

14. (C) Lavrov's call to further develop ties between the countries was mirrored in the April 3 meeting between DFM Karasin and Ukrainian First DFM Kostenko in Moscow. In the latest round of quarterly inter-MFA talks, both sides touched upon the upcoming April 10 CIS Foreign Minister meeting in Ashgabat, the status of the Black Sea Fleet (BSF), Azov-Kerch Strait deliberations, a schedule for further political contacts, and cultural issues. Counselor Miroslava Sherbatiuk from the Ukrainian embassy, who took part in the discussions, told us that the talks were held in a professional and non-contentious atmosphere with "no hot discussions" breaking out on sensitive issues, in an effort to "calm down emotions" and "counter negative moods in the public."

15. (C) According to Sherbatiuk, Karasin and Kostenko discussed the "full set" of issues surrounding the BSF presence in Sevastopol, including regulatory questions and inventory plans. The next round of BSF talks was set for June 5-10. The Azov-Kerch issue was only touched upon, with both sides agreeing to an experts meeting on April 22-23. Regarding further political contacts, Sherbatiuk informed us that no date had been set for the postponed Putin-Tymoshenko talks, which were to have occurred April 8. However, a new round of talks on NATO would take place at the end of April, likely to be chaired by DFMs Grushko and Khandogiy. Sherbatiuk said Medvedev's European Security Architecture would also be on the agenda for that meeting, in addition to the usual exchange of information on each country's activities with NATO. (Note: Sherbatiuk clarified that Russia did not use that forum to criticize Ukraine's NATO

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membership ambitions. End Note)

But gas disagreement dominates

16. (C) Regarding Lavrov's accusations in the April 6 interview, Sherbatiuk told us that Russia had made the EU-Ukraine gas agreement the most important issue in Russia-Ukraine relations. In that vein, Karasin had similarly expressed to Kostenko Russia's well-known rejection of the agreement. According to Sherbatiuk, Karasin ignored Kostenko's invitation that Russia join in the modernization project, demanding that Ukraine take steps to "correct the situation."

Comment

17. (C) While Russia's tone toward Ukraine has been harsh on the March 23 EU-Ukraine pipeline modernization agreement, the Ukrainian embassy considered that the inflammatory GOR statements were addressed to the public, while the work behind the scenes remained productive and businesslike.
BEYRLE